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CASES AND MATERIALS

ON

REAL ESTATE TRANSACTIONS

Prepared by

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June, 1972

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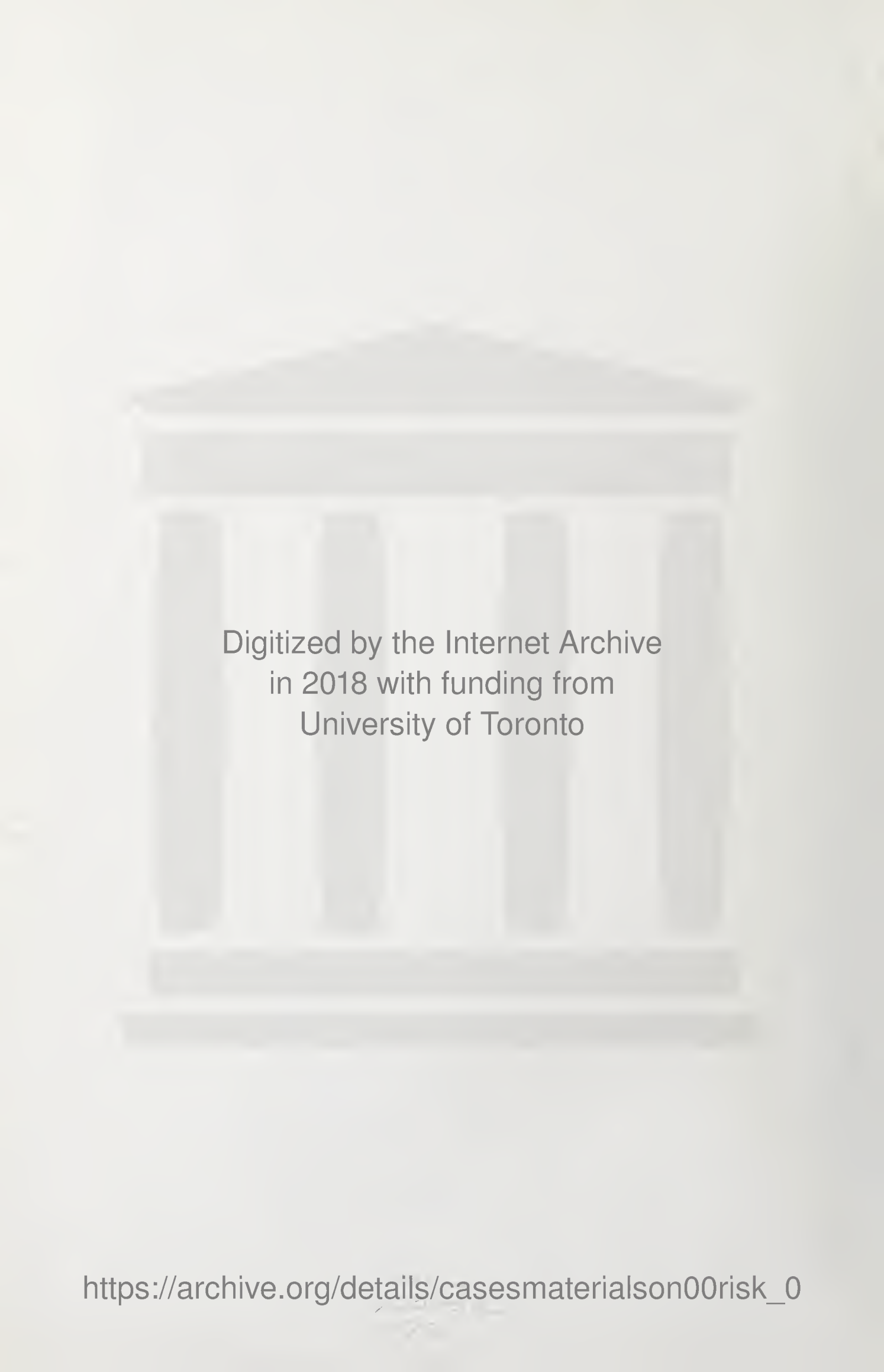
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INTRODUCTION

Almost all of this course is a study of the sale of land, and mortgages. These two topics do not share much common ground of legal doctrine. The justification for combining them is functional, since in practice they are often found together and must be considered together. These materials consist mainly of cases and legislation. The introduction is intended to show you some of the common documents, and to give you a fleeting glimpse at a small and simple part of the business background of the course. It is a description of a ficticious purchase of a house. For the sake of clarity and convenience, considerable liberties have been taken with practice; the correspondence and documents have been simplified and distorted in a fashion which might horrify an experienced conveyancer. Nevertheless it was not for him that this introduction was prepared, and its purpose is not to teach you his skills.

The story begins with Cycil Celler, who decided to sell his house. Why he reached this decision doesn't matter: he may have been shifted by his employer to another city; he may have been a young man with a growing family and needed a larger house; or he may have been older, his children may have grown up and left home, and he may have wished to move into an apartment. His house was worth about $30,000.00, and was subject to a mortgage under which about $15,600.00 was owed. He decided to retain a real estate agent to sell it for him. A few owners sell their own properties, to avoid paying a commission, but most properties are sold by agents. Most agents are generally available only on the terms of standard form listing agreements.

The agent found eager purchasers, John and Judith Househunter. An agreement was entered into on June 17th, 1971, which contemplated completion, or closing, on September 15th, 1971. Some purchases, particularly those of consumer goods, are instantaneous transactions, but purchases of land always involve an interval between the time the agreement is entered into and the time the deal is closed. The reasons are fairly obvious. For example, the vendor may need time to find some new accommodations, the purchaser may need time to find money, both may need time to arrange for moving, and their lawyers will certainly need time to perform the various technical tasks which must be done. The purchase price was $30,000.00: John and Judith were to assume the existing mortgage, and pay the balance about $14,400.00 in cash. They paid a deposit of $1,500.00 which was to be held by the agent. The remainder, about

$12,9000.00, was due on closing. John and Judith did not have $12,900.00, they had saved about $6,000.00, and they counted on borrowing the rest, about $7,000.00, from Judith's mother, Mrs. J.B. Kindly. The agent, after having sent copies of the agreement to the lawyers who were going to act for John and Judith, disappears from this story and this course.

The story now shifts to the lawyers' offices, and first to the firm acting for John and Judith. They were also acting for Mrs. Kindly, and there was therefore a possibility of a conflict in interest; the firm's position was explained in a letter to Mrs. Kndly.

The propriety of ever acting for the two parties that have potentially conflicting interests has recently been question in England by a section of the Law Society, although the Council of the Society seem to have affirmed the same principle that is expressed in the Ruling of the Law Society on page 5-I. The purpose of arranging the story in this introduction in a way that raises this question is simply to save valuable space.

With respect to John and Judith, their lawyers began by giving instructions concerning the deed to the firm acting for Cyril. Then they searched the title to the house (that is, they made searches in public offices to make determinations about Cyril's power to convey the house to John and Judith free from competing claims; these searches were necessary to make a comprehensive determination, although alone not enough); and made objections (that is, they asserted that from some specified reasons, Cyril could not, or might not, be able to convey the house free from adverse claims). As well, inquiries were made concerning building restrictions imposed by by-law, and municipal taxes. In so far as the firm acted for Mrs. Kindly, the search of title and the inquiries into zoning and taxes killed two birds with one stone, for a mortgagee is just as concerned with these matters as a purchaser. They prepared a mortgage, had it executed by John and Judith, and requested Mrs. Kindley to send the money for the loan.

Now the lawyers acting for Cyril. They wrote to the mortgagee requesting a copy of the survey and a statement of the amount which would be secured by the mortgage on the closing date. Then they prepared a deed, and a statement of adjustments showing the amount due on closing. Copies of both were sent John and Judith's lawyers, and when the deed was approved it was exected by Cyril. The objections to title were answered.

The deal was now ready for the ritual of closing. The memoranda to the students include more detail than is usual, in order to suggest to you what happened. Afterwards, both firms reported to their respective lients. A few more details were tied up, and everyone lived happily every after.

So far, nothing has been said about one very important matter, insurance. Most buildings are insured against fire; all mortgaged buildings are, simply because insurance is a protection which mortgagees demand and get. Cyril's home was insured by a policy which had about a year and a half to run. This policy was assigned to the purchasers and credit was given to Cyril in the statement of adjustments for the value of the remaining coverage. Of course, insurers are entitled to some discretion concerning the risks they insure, and therefore the insurance company was requested to consent to the assignment. It seems fairly clear that until it did consent, the purchasers did have enforceable protection.

June 18, 1971.

Mrs. J. B. Kindly,
247 Hightrees Avenue,
LONDON, Ontario.

Dear Mom,

Guess what? We bought a house! It's in the Greenacres area, about fifteen minutes drive from John's office. It has four bedrooms - more than we need for now, but we'll probably be there for years and years. I won't tell you any more about it now, because you can look at it when you come to Toronto in July.

I hope you still want to lend us some money, because we counted on you. We need about $7,000.00. John feels we should be businesslike, and give you a mortgage. We are going to have John's old friend Donald Nodd as our lawyer, so he can probably do your mortgage as well.

Love

"Judy"

4.-I

June 19, 1971.

Mrs. J.B. Kindly,
247 Hightrees Avenue,
LONDON , Ontario.

RE: Kindly mortgage from Househunter,
127 New Patagonia Drive

Dear Mrs. Kindly:

We act for John and Judith Househunter, who have agreed to purchase 127 Patagonia Drive. We understand that you have agreed to lend them $7,000.00 to be secured by a mortgage of this property, and that you wish us to act for you with respect to this mortgage. We shall be glad to, but there is one point we must make clear. In every business transaction there is a possibility that problems or disagreements may develop. If this happens, and if there is any conflict or divergence of interest between you and the Househunters, we cannot act for both them and you, and we may not be able to act for either party. Nevertheless, we do not anticipate any difficulty.

We understand that the loan is to be for five years, that there are to be no payments of principal required until maturity, that payments of interest at 7% are to be made half-yearly, and that the Househunters are to be able to pay off the loan at any time. We shall prepare a mortgage accordingly. Please send us a cheque for $7,000.00 payable to Winken, Blinken and Nodd before the end of August.

Yours very truly,

WINKEN, BLINKEN AND NODD

Per: "Donald Nodd"

RULING OF THE PROFESSIONAL CONDUCT COMMITTEE
OF THE LAW SOCIETY OF UPPER CANADA (March 1960)

Where a solicitor is asked to act for a vendor and purchaser or in any other matter where he contemplates that there may be a conflict of interest between two clients, he should in all such cases inform both parties that he is acting for both parties, obtain their consent to do so and advise them that if a conflict of interest arises which cannot be resolved he cannot continue to act for both parties in that matter and may not be able to act for either.

A solicitor who discloses confidential information obtained from one party or who uses such confidential information against the interest of the party from whom he obtains it is guilty of professional misconduct.

June 19, 1971.

Haddock and Paddock,
Suite 123,
456 Bay Street,
Toronto, Ontario.

Re: Househunter purchase from Cellar,
127 New Patagonia Drive

Dear Sirs:

We act for John Househunter who has agreed to purchase 127 Patagonia Drive from Cyril Cellar, for whom we understand you act. Would you please make the deed to:

JUDITH HOUSEHUNTER, of the City of Toronto, in the County of York, Married Woman.

We shall provide you on closing with a direction to this effect from John Househunter.

If you have a survey, would you please send us a copy. We trust that we shall receive a statement of adjustments in due course.

Yours very truly,

WINKEN, BLINKEN & NODD,
Per: "Donald Nodd"

6.-I

June 22, 1971.

The Granite Trust Company,
Mortgage Department,
468 Royal Street,
Toronto, Ontario.

Re: Cellar sale to Househunter,
127 New Patagonia Drive

Dear Sirs:

We act for Cyril Cellar who has agreed to sell 127 New Patagonia Drive, of which you have the first mortgage. Would you please send us a statement showing the amount which will be owing under your mortgage on September 15th, on the assumption that the payments due before that date will be made in due course.

Yours very truly,

HADDOCK & PADDOCK

Per: "Albert Haddock"

(A few days later the Trust Company sent a statement which indicated that if the payments coming due in July, August and September were made, the principal balance on September 9, 1971 would be $15,604.85. Albert calculated that the interest from September 9 to September 15 would be $17.36. The Trust Company also sent a copy of a survey that had been prepared when its mortgage was created.)

July 2, 1971.

Winken, Blinken & Nodd,
Suite 654,
321 Poormond Street,
Toronto, Ontario.

Re: Cellar sale to Househunter,
127 New Patagonia Drive

Dear Sirs:

Enclosed are a draft deed, a copy of a survey, and a statement of adjustments.

Yours very truly,

HADDOCK & PADDOCK

Per: "Albert Haddock"

STATEMENT OF ADJUSTMENTS

CELLAR sale to HOUSEHUNTER

127 New Patagonia Drive

CALCULATED AS OF SEPTEMBER 15, 1971

	ALLOW PURCHASER	ALLOW VENDOR
SALE PRICE:		$30,000.00
DEPOSIT:	$ 1,500.00	
FIRST MORTGAGE:		
To be assumed by purchaser		
Principal	15,604.85	
Interest at 6 3/4% from Sept. 9, 1971	17.36	
TAXES:		
1971 taxes $636.54, paid in full		186.60
INSURANCE:		
Policy number 1-234-56789 of the Firefighters Insurance Co. for $25,000.00 from March 26, 1970 to March 26, 1973, premium $125.43		64.07
FUEL OIL:		
200 gallons at 18.1¢ per gallon		36.20
BALANCE DUE ON CLOSING:	13,164.66	
	$30,286.87	$30,286.87

e. & o. e.

July 2, 1971

MEMORANDUM, for William Blackstone

Re: Househunter purchase from Cellar
127 New Patagonia Drive

Bill:

Here is another search for you. The property is in the Registry Office, and the description is in the draft deed in the file.

D. Nodd

BILL'S SEARCH

HOUSEHUNTER PURCHASE FROM CELLAR
Lot 263, Plan 6243

A. Companies on title:-

1. The Pound Life Insurance Co. Ltd.
   (off title 12 Jan 1936)

B. Executions:
1. Herbert Holmes
2. Sterling Strong
3. Susan Strong
4. Cyril Cellar

C. Requisitions:

1. The survey indicates that the garage was built in breach of the restrictive covenants contained in instrument No. 22321

2. Instrument No. 229748 is a conveyance to Sterling Strong and Susan Strong, his wife; there is no mention of joint tenancy. Instrument 246279 is a conveyance from Sterling Strong and Susan Strong to Cyril Cellar. Susan did not bar her dower. I think she should have, according to section 13 (1) of the C. L. P. Act, she and her husband were tenants in common.

(The list of companies which had owned the land was made for the purpose of checking whether there were any outstanding claims under THE CORPORATIONS TAX ACT. Donald did not bother writing to the Corporations Tax Department to inquire about The Pound Life Insurance Company. It was such a large, successful company, and it had owned the land so long ago, he was willing to assume there was no claim against the land arising out of its unpaid taxes.

The list of names under the title "Executions" was made for the purpose of determining whether there were any unpaid judgments with respect to which executions had been filed against land. They were the names of all the owners of the land in the 20 years preceding the date of the agreement. This check was made just before closing - but see Limitations Act, R.S.O. 1970, c.214, s.23(2).)

The student who did this search used the following abbreviations:-

S. F. C. A. - Short Forms of Conveyances Act

S. F. M. A. - Short Forms of Mortgages Act

S. S. D. - Signed, Sealed and Delivered

Plan 6243 15 Nov 1915 3 Dec 1915

Owner: Old York Developments Ltd.
Mtgee: Albert Ames (number 10023, P. dsch. 22323)
Surveyor: Myron Myopic, O.L.S.

18675
Grant 16 May 1916 20 June 1916

Old York Developments Ltd. (1)
to
New York Developments Ltd. (2)

lots 250 to 310, inclusive,
S.F.C.A., fee simple, habendum, usual covenants
release
S.S.D. by (1)

22321
Grant 2 April 1921 29 April 1921

New York Developments Ltd. (1)
to
Bertram Brandeis (2)

Lot 263
S.F.C.A. fee simple, habendum, usual covenants
release
S.S.D. (1), (2), Aff'd ex'n (2)
Subject to restrictive covenants:
(i) Residential purposes only
(ii) Value of building $3,500.00
(iii) Front yard 20'
(iv) Side yard 4'

22322
Mortgage 7 April 1921 29 April 1921

See 68347
Bertram Brandeis (1)
to
The Pound Life Insurance Company Ltd. (2)

Brenda Brandeis (3)

S.F.M.A. $9,500.00 at 5% (3) bars dower
S.S.D. (1) & (3) Aff'd ex'n

22323

Partial discharge Mtg. 23 March 1921 29 April 1921

Albert Ames (1)
to
Old York Developments Ltd. (2)

Lot 263 - discharged from mtg 10023
"Not assigned""therefore discharged"
signed (1) , aff'd ex'n

40689

Grant 26 Aug 1927 4 Sept 1927

Bertram Brandeis (1)
to
Cuthbert Cardozo (2)

Brenda Brandeis (3)

Lot 263
S.F.C.A. fee simple, habendum, s to m, usual covenants, s to m, release
(3) bars dower
S.S.D. (1) & (3) aff'd ex'n, aff'd marital status

40690

Mtg 2 Sept. 1927 4 Sept. 1927

foreclosed 68347

Cuthbert Cardozo (1)
to
Bertram Brandeis (2)

Coro Cordozo (3)

$1500.00 at 5 1/2% Lot 263 S.F.M.A.
(3) bars dower,
S.S.D. (1) and (3) aff'd ex'n, aff'd marital status

68347

Final Order 16 Jan 1935 26 Jan 1935
of foreclosure

In the Supreme Court of Ontario

The Pound Life Insurance Company Ltd.

Bertram Brandeis)
Cuthbert Cardozo) (def'ds)

The def'ds are absolutely debarred and foreclosed of and from all right, title and equity of redemption in and to the mortgaged premises."

seal S.C.O.

69844

Grant 22 Dec 1935 12 Jan 1936

The Pound Life Insurance Company Ltd. (1)
to
Filbert Frankfurter (2)

Lot 263
S.F.C.A. fee simple, habendum, cov't only "done no act to encumber the land" release
S.S.D. (1)

69845

Mtg. 29 Dec 1935 12 Jan 1936

Filbert Frankfurter (1)
to
The Pound Life Insurance Company Ltd. (2)

Lot 263
$5,000.00 at 5%
S.F.M. A.
S.S.D. (1) aff'd ex'n aff'd marital status
(1) unmarried

109253
Grant 17 March 1941 3 April 1941

Filbert Frankfurter (1)
to
Herbert Holmes (2)

Lot 263
S.F.C.A. fee simple, habendum, s. to m.
usual covenants, s. to m., release
S.S.D. (1) aff'd ex'n aff'd marital status
(1) unmarried

109254
Mtg 29 March 1941 3 April 1941

Herbert Holmes (1)
to
Marilyn Mansfield (2)

Hanna Holmes (3)

Lot 263
$2,000.00 at 6%
S. F. M. A.
(3) bars dower
S. S. D. (1) & (3) aff'd ex'n aff'd marital status

128674
D. M. 28 Feb 1943 17 March 1943

Marilyn Mansfield (1)
to
Herbert Holmes (2)

discharge of 109254
"Not Assigned" "Therefore discharged"
Signed (1) Aff'd ex'n

149213
D. M. 1 June 1945 19 July 1945

The Pound Life Insurance Company Ltd. (1)
to
Filbert Frankfurter (2)

Discharge of 69845
"Not assigned" "Therefore discharged"
signed Corp. seal (1)

226347
Certificate of payment 13 Jan 1958 26 Jan1958
of Succession Duties

Treasurer of Ontario

Estate of Herbert Holmes

Consent to Transfer Lot 263

57631 G.R. 23 Jan 1958 7 April 1958

Probate of will of Herbert Holmes, granted to Delbert Duff and Gilbert Gray, the executors named in the will.
Will leaves all real estate to executors, with power to sell in their "sole and uncontrolled" discretion.

229748
Grant 7 June 1958 9 July 1958

Delbert Duff and Gilbert Gray
executors of the estate of Herbert Holmes (1)
to
Sterling Strong and
Susan Strong, his wife (2)

Lot 263, recites death of Herbert Holmes, probate of will, registration of will as 57631 G.R., registration consent of Treasurer of Ontario as 226347, and ownership of Herbert Holmes of land at time of death.
S.F.C.A. fee simple, habendum, covenant "done no act to encumber the land", release S.S.D. (1) aff'd ex'n; release of dower by Hanna Holmes.

229749
Mtg. 23 May 1958 9 July 1958

Sterling Strong and Susan Strong (his wife) (1)
to
The Granite Trust Company (2)

Susan Strong (3)

Lot 263
. . .S.F.M.A. - $20,000 at 6 3/4% amortized 20 years
$150.97 due monthly from 9 Aug 1958 to 9 July 1978 (3) bars dower
S. S. D. (1) and (3) aff'd ex'n aff'd age, marital status.

246279

Grant 9 Oct 1962 23 Oct 1962

Sterling Strong
Susan Strong (1)
to
Cyril Cellar

Lot 263
S.F.C.A. fee simple, habendum, s. to m., usual conveyances, release, s. to m., S.S.D., (1) aff'd ex'n, aff'd age, marital status.

July 9, 1971

WILLIAM BLACKSTONE

July 12, 1971.

Haddock and Paddock,
Suite 123,
456 Bay Street,
Toronto, Ontario.

RE: Househunter purchase from Cellar
127 New Patagonia Drive.

Dear Sirs:-

We wish to submit the following requisitions on title, without prejudice to our right to submit such further and other requisitions as we may deem necessary or advisable.

1. Instrument No. 22321 is a deed from New Developments Limited to Bertram Brandeis, dated April 2, 1921, and registered April 29, 1921; it contains restrictive covenants which provides that no building shall be constructed less than 4 feet from the side of the lot. The survey indicates that the garage is only two feet from the easterly limit.

   REQUIRED: Production and registration of a release with respect to this violation.

2. Instrument No. 229748 is a deed from the executors of Herbert Holmes to Sterling Strong and Susan Strong dated May 7, 1958, and registered June 22, 1958. There is no mention of joint tenancy in this deed and therefore the grantees took as tenants in common. Instrument No. 246179 is a deed from Sterling Strong and Susan Strong to Cyril Cellar dated October 9, 1962, and registered October 23, 1963. Susan Strong did not bar her dower.

   REQUIRED: Production and registration of a bar of dower by Susan Strong, or satisfactory evidence that she is not entitled to dower.

Yours very truly,

WINKEN, BLINKEN & NODD,

Per: "Donald Nodd"

July 20, 1971.

Winken, Blinken and Nodd,
Suite 654,
321 Poormond Street,
Toronto, , Ont.

RE: Cellar sale to Househunter
127 New Patagonia Drive.

Dear Sirs:-

With respect to your requisitions on title, we wish to make the following answers:-

1. We submit that there are three answers to the first requisition.

(a) A search of the Abstract Book indicates that New York Developments no longer owns any land near lot 263, and therefore owns no land capable of being benefited by the covenant.

(b) The garage has been in its present location for more than 10 years and therefore The Statute of Limitation bars any action concerning the breach.

(c) No reference has been made to the covenants in any registered documents within the 40 years immediately preceding the date of this agreement. Therefore according to (Part III of the Registry Act), they are no longer enforceable claims against the land.

2. We feel that Section 19 of the Dower Act is an adequate answer to the second requisition. As well, in the deed to Cyril Cellar, Susan Strong released all her claims upon the land; this release includes dower. Nevertheless, we have learned that Mrs. Strong died a few years ago, and we shall provide for satisfactory evidence of her death on closing.

Yours very truly,

HADDOCK & PADDOCK

Per: "Albert Haddock"

August 4th, 1971.

The Treasurer,
City of Toronto,
TORONTO, Ontario.

RE: Househunter, purchase from Cellar
127 New Patagonia Drive

Dear Sirs:

We act for John Househunter, who has agreed to purchase 127 New Patagonia Drive. Please provide us a certificate indicating whether or not the taxes on this property have been paid to the end of 1971. The present registered owner is Cyril Cellar.

We enclose our cheque for $1.25 on account of your fee.

Thank you very much.

Yours very truly,

WINKEN, BLINKEN AND NODD

Per: "Donald Nodd"

(The City replied in due course. The certificate was quite simple; it stated that the taxes for 1971 were paid in full.)

August 4th, 1971.

Building Department,
City of Taranta, Toronto.

RE: Househunter, purchase from Cellar
127 New Patagonia Drive

Dear Sirs:

We act for John Househunter, who has agreed to purchase 127 New Patagonia Drive. We enclose a copy of a survey of this property prepared by W. Wideyed O.L.S., and dated June 18th, 1958. Please advise us whether the building was erected in compliance with all Municipal restrictions in force at the time of its construction.

Thank you very much.

Yours very truly,

WINKEN, BLINKEN AND NODD

Per: "Donald Nodd"

(Again, the City replied in due course, and again the reply was quite simple. It stated that the building had been built in conformity with the by-laws in force at the time of construction. Not all cities and townships are willing to provide this convenient service. Where it is not available, the lawyers must check the by-laws themselves.)

MEMORANDUM to William Blackstone

RE: Househunter Purchase from Cellar
127 New Patagonia Drive

Bill:

This deal closes tomorrow; phone Haddock's office for a time.

1. Get a cheque on the Trust Account for $13,164.66 payable to Cyril Cellar, and have it certified. Also, get a cheque on the General Account payable to the Registrar of Deeds.

2. Search executions against the names on your search and Judith Househunter.

3. Subsearch.

4. Get from Haddock's office:

(a) Evidence of the death of Susan Strong; Haddock told me on the phone he has an affidavit by Sterling Strong.

(b) The Deed, to Judith Househunter. There is a direction in the file by John Househunter.

(c) A copy of the insurance policy, and assignments.

(d) 1971 tax bill, receipted.

(e) Mortgage statement.

5. Register the deed, and the mortgage to Mrs. Kindly.

6. Don't worry about keys. I understand that the Househunters have arranged to have them left with a neighbour.

If you have any problems you can get me at the Countryside Golf Club.

D. Nodd

(The search for executions is made at the Sheriff's Office, in person, by phone, or by teletype from the Registry Office. See section 9 of The Executions Act.

The subsearch is an extension of Bill's original search of title from the time he made it up to the moment of closing. It is done by checking the Abstract Book for entries subsequent to the date of the search, and then a list of all the documents which have been registered during the preceding few days, and which the staff of the Registry Office have not yet entered in the Abstract Books.)

MEMORANDUM to Harold Haldane

RE: Cellar, sale to Househunter
127 New Patagonia Drive

Harry:

This deal closes tomorrow; phone Nodd for a time.

1. Cellar has arranged to leave the key with a neighbour.

2. Nodd gets the deed, the affidavit of Sterling Strong, the 1971 tax bill, the insurance policy and assignments, and mortgage statement.

3. Get a cheque for $13,164.66, and a direction to make the deed to Judith Househunter.

If you have any problems, you can get me at the Rolling Hills Golf Club.

Al.

September 18, 1971.

Mr. Cyril Cellar,
Apt. 1026,
400 Viewmont Ave.,
TORONTO., Ontario.

RE: Cellar, sale to Househunter
127 New Patagonia Drive

Dear Sir:

We completed the sale of 127 New Patagonia Drive to John Househunter on September 15th, 1971. The transaction was a simple one, and there is no need for a lengthy report. A copy of the statement of adjustments and a certified cheque for $13,164.66 payable to you are enclosed.

Our fee for having acted for you in this transaction is $243.50. This is the minimum fee suggested by the tariff of the County of York Law Association, which is based on a percentage of the amount involved in the sale.

We trust all is in order, but if you have any further questions please do not hesitate to get in touch with us.

Yours very truly,

HADDOCK & PADDOCK

Per: "Albert Haddock"

24.- I

September 18, 1971.

Mrs. J. B. Kindly,
247 Hightrees Ave.,
TORONTO, Ontario.

RE: Kindly, mortgage from Househunter
127 New Patagonia Drive

Dear Mrs. Kindly:

Your mortgage loan to the Househunters was completed on September 15th, 1971, and we should now like to report to you and send you your documents.

Your mortgage is a second mortgage. There are no prior claims against the property except the first mortgage, held by the Granite Trust Company, on which there was an outstanding balance of $15,604.85 on September 15th, 1971. Your mortgage secures payment of $7,000.00, and interest at 7% per annum. There are no principal payments to be made until September 15th, 1976, when the entire $7,000.00 comes due. Interest is to be paid half-yearly, on March 15th and September 15th; the first payment is due on March 15th, 1972. The mortgagor has the privilege, when not in default, of paying any amount or amounts on account of principal at any time or times, without notice or bonus.

The mortgagor is Judith Househunter; payment is guaranteed by her husband, John Househunter.

The taxes on the property have been paid to the end of 1971.

The property is insured against fire under policy number 1-234-56789 of the Firefighters Insurance Company, which expires on March 26th, 1973. As you know, the Househunters purchased the property at the time your loan was made; we obtained an assignment of this policy from the vendor to the Househunters with loss payable to the Granite Trust Company as first mortgagee, and to you as second mortgagee. We sent copies of this assignment to the insurance agent for the consent of the Company prior to closing, and we have requested a certified copy of the policy. We shall send you a copy of the assignment, and the copy of the policy, as soon as we receive them.

The original policy is in the possession of the first mortgagee.

We enclose the following documents:

1. Duplicate registered mortgage, Househunter & Kindly, number 267248.

2. Copy of the statement of adjustments in the sale from Cyril Cellar to John Househunter.

3. Copy of survey by W. Wideyed, O.L.S. dated June 18th, 1958.

Our fees and disbursements will be paid by the Househunters. If you have any questions, or if we can be of further assistance to you, please do not hesitate to call us.

Yours very truly,

WINKEN, BLINKEN & NODD

Per: "Donald Nodd"

September 20th, 1971.

Mr. and Mrs. J. Househunter,
147 New Patagonia Drive,
TORONTO,, Ontario.

RE: Househunter purchase from Cellar
127 New Patagonia Drive

Dear Mr. and Mrs. Househunter:

Your purchase of 127 New Patagonia Drive was completed on September 15th, 1971 , and we should now like to report to you and submit our account.

Title: The title to your property is good and free from encumbrances, except for the two mortgages to be mentioned.

First Mortgage: You assumed a first mortgage held by the Granite Trust Company. On September 15th, 1971, there was $15,604.85 principal due under this mortgage; together with 17.36 interest. The interest rate is 6 3/4%. Blended monthly payments of principal and interest of $150.97 are due on the 9th day of each month, until July 9th, 1984. The mortgage is amortized; when the last payment is made, it will be fully repaid.

We have notified the Granite Trust Company that you have assumed this mortgage, and doubtless you will hear from them in the near future, if you have not already.

Second Mortgage: You gave a second mortgage to Mrs. Jennifer Kindly for $7,000.00, with interest at 7% from September 15th, 1971. No payments of principal are due until September 15th, 1976, when the entire $7,000.00 comes due. Payments of interest are due half-yearly, on March 15th and September 15th; the first is due on March 15th, 1972. You have the privilege, when not in default, of paying all or any of the principal sum secured at any time or times without notice or bonus.

Taxes: We obtained a tax certificate from the Treasurer of the City of Taranta showing that the taxes have been paid in full to the end of 1971; this certificate and the receipted 1971 tax bill are enclosed. A credit of $186.60 was allowed the vendor in the statement of adjustments for the prepayment.

We have notified the City that you are the new owners of the property, and we have requested that its records be amended accordingly, and that all future notices and bills be sent to you.

Insurance: The property is insured by the Firefighters Insurance Company under policy number 1-234-56789, which expires on March 26th, 1973 A credit of $64.07 was allowed the vendor in the statement of adjustments for the value of the unexpired coverage. On closing we obtained an assignment of this policy from the vendor to you, with loss payable to the Granite Trust Company as first mortgagee and to Mrs. Kindly as second, mortgagee. We have sent copies of this assignment to the agent for the consent of the insurance company, and we shall send one to you as soon as they are returned. A copy of the policy is enclosed; the original is in the possession of the Granite Trust Company.

We should like to point out that this policy covers only loss of the building by fire; you may wish to arrange separate insurance to cover the contents, and public liability.

Executions: There are no writs of execution filed with the Sheriff of the County of Yark that affect the property.

Survey. A copy of a survey by W. Wideyed, O.L.S. dated June 18th, 1958, is enclosed. It appears from this survey that there are no encroachments. We have been advised by the City of Taranta that the house and garage were erected in compliance with all municipal restrictions in effect at the time of their construction.

Statement of Adjustments: A copy of the statement of adjustments is enclosed, indicating the manner in which the balance due was calculated. We have already discussed this statement with you, and we do not think it is necessary to review it in detail here.

Enclosures: The following documents are enclosed:

1. Duplicate registered deed, Cellar to Househunter, number 246247.
2. Duplicate of mortgage assumed by you.
3. Mortgage statement from first mortgage.
4. Duplicate copy of the second mortgage.
5. Tax certificate.
6. Tax bill, 1971.
7. Copy of Insurance policy.
8. Copy of survey.
9. Copy of statement of adjustments.

Disbursements: Our disbursements, including those on the second mortgage, were as follows:

1. Paid to search title	$2.60
2. Paid for tax certificate	1.25
3. Paid for execution searches	5.00
4. Paid to register deed	6.00
5. Paid to register mortgage	6.00
6. Paid for land transfer tax	60.00
Total	$80.85

Fee: We have already explained to you that you are obliged to pay Mrs. Kindly's fee and our disbursements made on her behalf.

Our fee with respect to your purchase is $325.00. This is the minimum fee suggested by the tariff of the County of York Law Association; this tariff is based on a percentage of the value of the land being purchased.

Our fee with respect to Mrs. Kindly is $87.50. This too, is the minimum fee suggested by the tariff of the County of York Law Association; this tariff is based on a percentage of the value of the mortgage loan.

Our statement of account is enclosed. If you have any questions, or if you wish further information, please do not hesitate to contact us.

Yours very truly,

WINKEN, BLINKEN AND NODD

Per: "Donald Nodd"

This collection of letters and documents is far from being a complete account of the transaction. A number of letters have been omitted. For example, Winken, Blinken, and Nodd notified the City that the Househunters had purchased the property. They sent the copies of the transfer of the insurance policy to the agent when these were returned, one was sent to Mrs. Kindly and one to the Househunters;

a certified copy of the policy was also sent to MRS. Kindly. As well there were many phone calls between the lawyers. The clients spoke to their lawyers several times, by phone and in person. Some of the documents are not reproduced, although most of those that are omitted are at least mentioned, specifically or by implication.

John and Judy paid Winken, Blinken and Nodd $6,700.00 just before closing They had a tough time finding this much, for they counted on needing only $6,000.00; they had overlooked fees and incidental expenses, and they did not know that the adjustments might require them to pay the vendor an extra few hundred dollars This $6,700.00 and Mrs. Kindly's $7,000.00 were deposited in Winken, Blinken and Nodd's Trust Account, and provided the funds for closing The fees and disbursements were deducted from what was left of the $6,700.00, and the balance was returned to the Househunters.